

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6936**

**BILL NUMBER:** HB 1389

**NOTE PREPARED:** Jan 13, 2006

**BILL AMENDED:**

**SUBJECT:** Purchase of Service Credit.

**FIRST AUTHOR:** Rep. Borders

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill amends the provision allowing Public Employees' Retirement Fund (PERF) and State Teachers' Retirement Fund (TRF) employers to buy service credit for their employees to specify that in the case of a school corporation that buys service credit for employees with at least 25 years of service, the school corporation may: (1) pay for the service credit through periodic payments over not more than ten years; and (2) make the payments to PERF or TRF through deductions from tuition support payable to the school corporation from the state.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** For PERF, the proposal provides for the school corporation to pay for the actuarial cost of the service rather than the member, provided the member has at least 25 years of service combined in PERF and TRF. There should be no fiscal impact for PERF.

***NOTE:*** The information and data from TRF will be included upon receipt.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill permits school corporations to pay all or a part of the member contributions required to purchase service credit, as provided under existing statute. The bill permits school corporations to make periodic payments over a period of not more than 10 years. The bill also permits school corporations to authorize that the payments be deducted from tuition support distributions and paid directly to the pension fund. Any impacts would be a result of the administrative actions of school corporations.

**Explanation of Local Revenues:** See *Explanation of Local Expenditures*.

**State Agencies Affected:** Public Employees' Retirement Fund; State Teachers' Retirement Fund.

**Local Agencies Affected:** School Corporations.

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for PERF, 317-576-1508; Ken Alberts, of Gabriel Roeder Smith & Co., actuaries for TRF, 1-800-521-0498.

**Fiscal Analyst:** James Sperlik, 317-232-9866.